

Montana State Legislature

2013 Session

Additional Documents include:

- * Business Report**
- * Roll Call attendance**
- * Standing Committee Reports,**
- * Table Bills, Fiscal reports etc.**
- * Roll Call Votes**
- * Witness Statements**
- * Informational items**
- * Visitor Registrations**
- * Any other Documents;**
 - ~ Petitions if any?**
 - ~ Any and all material handed in after the meeting end.**

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BUSINESS REPORT
MONTANA SENATE
63rd LEGISLATURE - REGULAR SESSION
SENATE TAXATION COMMITTEE

Date: Wednesday, March 27, 2013
Place: Capitol

Time: 8:00 AM
Room: 405

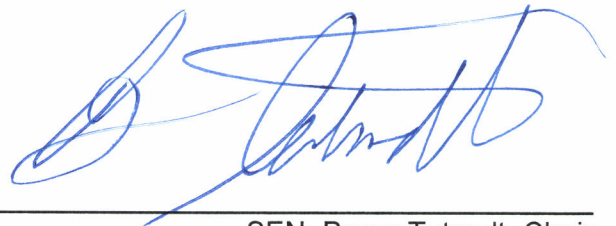
BILLS and RESOLUTIONS HEARD:

HB 19 - Revise penalty and interest provisions related to tax law enforcement - Rep. Roy
Hollandsworth
HB 153 - Provide income tax credits for employing and retaining veterans - Rep. Steve Gibson

EXECUTIVE ACTION TAKEN:

SB 398, Do Pass as Amended
SB 282, Do Pass as Amended
SB 394, Do Pass
SB 4, TABLED
SB 170, TABLED
SB 399, TABLED
SB 385, TABLED
SB 389, TABLED
SB 382, TABLED

Comments:



SEN. Bruce Tutvedt, Chair

28 387, 388, 389, 390, 391, 392, 393, 394, 395, 396, 397, 398, 399, 400, 401, 402, 403, 404, 405, 406, 407, 408, 409, 410, 411, 412, 413, 414, 415, 416, 417, 418, 419, 420, 421, 422, 423, 424, 425, 426, 427, 428, 429, 430, 431, 432, 433, 434, 435, 436, 437, 438, 439, 440, 441, 442, 443, 444, 445, 446, 447, 448, 449, 450, 451, 452, 453, 454, 455, 456, 457, 458, 459, 460, 461, 462, 463, 464, 465, 466, 467, 468, 469, 470, 471, 472, 473, 474, 475, 476, 477, 478, 479, 480, 481, 482, 483, 484, 485, 486, 487, 488, 489, 490, 491, 492, 493, 494, 495, 496, 497, 498, 499, 500, 501, 502, 503, 504, 505, 506, 507, 508, 509, 510, 511, 512, 513, 514, 515, 516, 517, 518, 519, 520, 521, 522, 523, 524, 525, 526, 527, 528, 529, 530, 531, 532, 533, 534, 535, 536, 537, 538, 539, 540, 541, 542, 543, 544, 545, 546, 547, 548, 549, 550, 551, 552, 553, 554, 555, 556, 557, 558, 559, 560, 561, 562, 563, 564, 565, 566, 567, 568, 569, 570, 571, 572, 573, 574, 575, 576, 577, 578, 579, 580, 581, 582, 583, 584, 585, 586, 587, 588, 589, 590, 591, 592, 593, 594, 595, 596, 597, 598, 599, 600, 601, 602, 603, 604, 605, 606, 607, 608, 609, 610, 611, 612, 613, 614, 615, 616, 617, 618, 619, 620, 621, 622, 623, 624, 625, 626, 627, 628, 629, 630, 631, 632, 633, 634, 635, 636, 637, 638, 639, 640, 641, 642, 643, 644, 645, 646, 647, 648, 649, 650, 651, 652, 653, 654, 655, 656, 657, 658, 659, 660, 661, 662, 663, 664, 665, 666, 667, 668, 669, 670, 671, 672, 673, 674, 675, 676, 677, 678, 679, 680, 681, 682, 683, 684, 685, 686, 687, 688, 689, 690, 691, 692, 693, 694, 695, 696, 697, 698, 699, 700, 701, 702, 703, 704, 705, 706, 707, 708, 709, 710, 711, 712, 713, 714, 715, 716, 717, 718, 719, 720, 721, 722, 723, 724, 725, 726, 727, 728, 729, 730, 731, 732, 733, 734, 735, 736, 737, 738, 739, 740, 741, 742, 743, 744, 745, 746, 747, 748, 749, 750, 751, 752, 753, 754, 755, 756, 757, 758, 759, 760, 761, 762, 763, 764, 765, 766, 767, 768, 769, 770, 771, 772, 773, 774, 775, 776, 777, 778, 779, 780, 781, 782, 783, 784, 785, 786, 787, 788, 789, 790, 791, 792, 793, 794, 795, 796, 797, 798, 799, 800, 801, 802, 803, 804, 805, 806, 807, 808, 809, 810, 811, 812, 813, 814, 815, 816, 817, 818, 819, 820, 821, 822, 823, 824, 825, 826, 827, 828, 829, 830, 831, 832, 833, 834, 835, 836, 837, 838, 839, 840, 841, 842, 843, 844, 845, 846, 847, 848, 849, 850, 851, 852, 853, 854, 855, 856, 857, 858, 859, 860, 861, 862, 863, 864, 865, 866, 867, 868, 869, 870, 871, 872, 873, 874, 875, 876, 877, 878, 879, 880, 881, 882, 883, 884, 885, 886, 887, 888, 889, 890, 891, 892, 893, 894, 895, 896, 897, 898, 899, 900, 901, 902, 903, 904, 905, 906, 907, 908, 909, 910, 911, 912, 913, 914, 915, 916, 917, 918, 919, 920, 921, 922, 923, 924, 925, 926, 927, 928, 929, 930, 931, 932, 933, 934, 935, 936, 937, 938, 939, 940, 941, 942, 943, 944, 945, 946, 947, 948, 949, 950, 951, 952, 953, 954, 955, 956, 957, 958, 959, 960, 961, 962, 963, 964, 965, 966, 967, 968, 969, 970, 971, 972, 973, 974, 975, 976, 977, 978, 979, 980, 981, 982, 983, 984, 985, 986, 987, 988, 989, 990, 991, 992, 993, 994, 995, 996, 997, 998, 999, 1000

MONTANA STATE SENATE ROLL CALL

TAXATION COMMITTEE

DATE: March 27, 2013

NAME	PRESENT	ABSENT/ EXCUSED
Chairman Tutvedt	X	
Vice Chairman, Thomas	X	
Senator Arthun	X	
Senator Barrett	X	
Senator Essman		E
Senator Jergeson	X	
Senator Kaufmann		8:11 E
Senator Malek	X	
Senator Peterson	X	
Senator Phillips		E
Senator Taylor	X	
Senator Wittich		E

12 Committee Members



SENATE STANDING COMMITTEE REPORT

March 27, 2013

Page 1 of 8

Mr. President:

We, your committee on **Taxation** recommend that **Senate Bill 398** (first reading copy -- white) **do pass as amended.**

Signed: _____

Senator Bruce Tutvedt, Chair

And, that such amendments read:

1. Title, page 1, line 5 through line 6.

Strike: "CREATING" on page 1, line 5 through "IMPROVEMENTS;" on line 6

2. Title, page 1, line 7.

Following: "RESIDENTIAL"

Insert: "AND COMMERCIAL"

Following: "PROPERTY,"

Insert: "AND"

3. Title, page 1, line 8.

Strike: ", AND CLASS SEVENTEEN COMMERCIAL PROPERTY"

4. Title, page 1, line 15.

Strike: "15-6-156, 15-6-229,"

Insert: "15-6-211,"

Strike: "15-7-202,"

5. Title, page 1, line 16.

Strike: "15-10-420,"

Strike: "15-24-2101, 15-24-2102, 15-24-3001, 15-24-3201,"

6. Page 1, line 22 through page 2, line 17.

Strike: section 1 in its entirety

Committee Vote:

Yes 8, No 0

Fiscal Note Required ☐

Renumber: subsequent sections

7. Page 5, line 13.

Following: "15-6-134,"

Insert: "or"

Strike: ", or [section 1]"

8. Page 6, line 7 through line 9.

Strike: subsection (c) in its entirety

Renumber: subsequent subsections

9. Page 6, line 15.

Strike: "(4)"

Insert: "(3)"

10. Page 6, line 17.

Strike: subsection (3) in its entirety

Renumber: subsequent subsections

11. Page 6, line 18.

Strike: "(1)(d)"

Insert: "(1)(c)"

12. Page 6, line 21 through page 9, line 6.

Strike: section 4 in its entirety

Insert: "**Section 3.** Section 15-6-134, MCA, is amended to read:

"15-6-134. Class four property -- description -- taxable percentage. (1) Class four property includes:

(a) subject to 15-6-222 and subsections (1)(f) and (1)(g) of this section, all land, except that specifically included in another class;

(b) subject to 15-6-222 and subsections (1)(f) and (1)(g) of this section, all improvements, including trailers, manufactured homes, or mobile homes used as a residence, except those specifically included in another class;

(c) the first \$100,000 or less of the ~~taxable~~ market value of any improvement on real property, including trailers, manufactured homes, or mobile homes, and appurtenant land not exceeding 5 acres owned or under contract for deed and actually occupied for at least 7 months a year as the primary residential dwelling of one or more qualified claimants;

~~(i) for tax year 2009, whose federal adjusted gross income did not exceed the thresholds established in subsection (2)(b)(i); or~~

~~(ii) for tax years after tax year 2009, whose total household income did not exceed the thresholds established in subsection (2)(b)(i);~~

(d) all golf courses, including land and improvements actually and necessarily used for that purpose, that consist of at least nine holes and not less than 700 lineal yards;

(e) subject to 15-6-222(1), all improvements on land that is eligible for valuation, assessment, and taxation as agricultural land under 15-7-202, including 1 acre of real property beneath improvements on land described in 15-6-133(1)(c). The 1 acre must be valued at market value.

(f) (i) single-family residences, including trailers, manufactured homes, or mobile homes;

(ii) rental multifamily dwelling units;

(iii) appurtenant improvements to the residences or dwelling units, including the parcels of land upon which the residences and dwelling units are located and any leasehold improvements; and

(iv) vacant residential lots; and

(g) (i) commercial buildings and the parcels of land upon which they are situated; and

(ii) vacant commercial lots.

(2) Class four property is taxed as follows:

(a) Except as provided in 15-24-1402, 15-24-1501, 15-24-1502, and 15-24-2101, property described in subsections (1)(a), (1)(b), ~~and (1)(c) through~~ and (1)(g) of this section is taxed at:

~~(i) 2.93% of its taxable market value in tax year 2009;~~
~~(ii) 2.82% of its taxable market value in tax year 2010;~~
~~(iii) 2.72% of its taxable market value in tax year 2011;~~
~~(iv) 2.63% of its taxable market value in tax year 2012;~~
~~(v) 2.54% of its taxable market value in tax year 2013; and~~
~~(vi) 2.47%~~ 1.94% of its taxable market value in tax years beginning after 2013 December 31, 2014.

(b) (i) Property qualifying under the property tax assistance program in subsection (1)(c) is taxed at the rate provided in subsection ~~(2)(a)~~ (2)(d) of its ~~taxable~~ market value multiplied by a percentage figure based on the income for the preceding calendar year of the owner or owners who occupied the property as their primary residence and determined from the following table:

Income	Income	Percentage
Single Person	Married Couple	Multiplier
Head of Household		
\$0 - \$6,000	\$0 - \$8,000	20%
\$6,001 - \$9,200	\$8,001 - \$14,000	50%
\$9,201 - \$15,000	\$14,001 - \$20,000	70%

(ii) The income levels contained in the table in subsection (2)(b)(i) must be adjusted for inflation annually by the department. The adjustment to the income levels is determined by:

(A) multiplying the appropriate dollar amount from the table in subsection (2)(b)(i) by the ratio of the PCE for the second quarter of the year prior to the year of application to the PCE for the second quarter of 1995; and

(B) rounding the product thus obtained to the nearest whole dollar amount.

(iii) "PCE" means the implicit price deflator for personal



consumption expenditures as published quarterly in the Survey of Current Business by the bureau of economic analysis of the U.S. department of commerce.

(c) Property described in subsection (1)(d) is taxed at one-half the taxable percentage rate established in subsection (2)(a).

(d) Except as provided in 15-24-1501, property described in subsection (1)(c), (1)(e), and (1)(f) of this section is taxed on its market value at a tax rate equal to 67.5% of the tax rate established in subsection (2)(a) beginning after December 31, 2014.

(3) Within the meaning of comparable property, as defined in 15-1-101, property assessed as commercial property is comparable only to other property assessed as commercial property and property assessed as other than commercial property is comparable only to other property assessed as other than commercial property.

(4) (a) As used in this section, "qualified claimants" means one or more owners who:

(i) occupied the residence as their primary residence for more than 7 months during the preceding calendar year;

(ii) had combined income for the preceding calendar year that does not exceed the threshold provided in subsection (2)(b); and

(iii) file a claim for assistance on a form that the department prescribes on or before April 15 of the year for which the assistance is claimed.

(b) For the purposes of subsection (1)(c), total household income is the income as reported on the tax return or returns required by Title 15, chapter 30 or 31, for the year in which the assistance is being claimed excluding losses, depletion, and depreciation and before any federal or state adjustments to income. In cases in which the claimant is not required to file a tax return under Title 15, chapter 30 or 31, household income means the household's total income as it would have been calculated under this subsection (4)(b) if the claimant had been required to file a return.

(c) The combined income of two or more owners who are qualified claimants:

(i) may not exceed the married couple and head of household thresholds provided in subsection (2)(b); and

(ii) determines the amount of tax reduction under subsection (2)(b).""

13. Page 9, line 8 through page 11, line 6.

Strike: section 5 through section 6 in their entirety

Insert: "Section 4. Section 15-6-211, MCA, is amended to read:

"15-6-211. Certain disabled or deceased veterans'

residences exempt. (1) Subject to subsection (7), a residence and appurtenant land, not to exceed 5 acres, on which it is built that is owned and occupied by a veteran or a veteran's spouse is

exempt from property taxation as provided in this section if the veteran:

(a) was killed while on active duty or died as a result of a service-connected disability; or

(b) if living:

(i) was honorably discharged from active service in any branch of the armed services; and

(ii) is currently rated 100% disabled or is paid at the 100% disabled rate by the U.S. department of veterans affairs for a service-connected disability, as verified by official documentation from the U.S. department of veterans affairs.

(2) Property qualifying under subsection (1) is taxed at the rate provided in ~~15-6-134(2)(a)~~ 15-6-134(2)(d) multiplied by a percentage figure based on income and determined from the following table:

Income	Income	Percentage	
Single Person	Married Couple	Multiplier	
Head of Household			
\$0 - \$30,000	\$0 - \$36,000	0%	
\$30,001 - \$33,000	\$36,001 - \$39,000	20%	
\$33,001 - \$36,000	\$39,001 - \$42,000	30%	
\$36,001 - \$39,000	\$42,001 - \$45,000	50%	

(3) The property tax exemption under this section remains in effect as long as the property is the primary residence owned and occupied by the veteran or, if the veteran is deceased, by the veteran's spouse and the spouse:

(a) is the owner and occupant of the house;

(b) is unmarried; and

(c) has obtained from the U.S. department of veterans affairs a letter indicating that the veteran was rated 100% disabled or was paid at the 100% disabled rate by the U.S. department of veterans affairs for a service-connected disability at the time of death or that the veteran died while on active duty or as a result of a service-connected disability.

(4) Property qualifying under subsection (3) is taxed at the rate provided in ~~15-6-134(2)(a)~~ 15-6-134(2)(d) multiplied by a percentage figure based on income and determined from the following table:

Income	Percentage	
Surviving Spouse	Multiplier	
\$0 - \$25,000	0%	
\$25,001 - \$28,000	20%	
\$28,001 - \$31,000	30%	
\$31,001 - \$34,000	50%	

(5) For the purposes of the exemption under this section, the income referred to in subsections (2) and (4) is the taxpayer's federal adjusted gross income for the preceding calendar year, as reported on the taxpayer's federal income tax return. A taxpayer who is not required to file a federal income tax return for the preceding calendar year shall determine the taxpayer's federal adjusted gross income as if the taxpayer had

filed a return and shall provide other evidence of income as required by the department.

(6) (a) The income levels contained in the tables in subsections (2) and (4) must be adjusted for inflation annually by the department. The adjustment to the income levels is determined by:

(i) multiplying the appropriate dollar amount from the table by the ratio of the PCE for the second quarter of the year prior to the year of application to the PCE for the second quarter of 2002; and

(ii) rounding the product obtained in subsection (6)(a)(i) to the nearest dollar amount.

(b) "PCE" means the implicit price deflator for personal consumption expenditures as published quarterly in the Survey of Current Business by the bureau of economic analysis of the U.S. department of commerce.

(7) A claim for exemption on a form prescribed by the department must be filed with the department on or before April 15 of the year for which the exemption is claimed.""

Renumber: subsequent sections

14. Page 12, line 19.

Following: "and"

Insert: "and"

15. Page 12, line 20.

Strike: "and" through "[section 1],"

16. Page 12, line 22.

Following: "and"

Insert: "and"

17. Page 12, line 22 through line 23.

Strike: "and class" on page 12, line 22 through "[section 1]," on line 23

18. Page 13, line 15.

Strike: "or class seventeen property under [section 1]"

19. Page 15, line 2.

Strike: "and [section 1]"

20. Page 16, line 7.

Following: "and"

Insert: "and"

21. Page 16, line 7 through line 8.

Strike: ", and" on page 16, line 7 through "section" on line 8

22. Page 16, line 9.

Following: "15-6-134,"

Insert: "and"

23. Page 16, line 9 through line 10.

Strike: ", and class" on page 16, line 9 through "11" on line 10

24. Page 16, line 27.

Following: "and"

Insert: "and"

Strike: ", and seventeen"

25. Page 17, line 6.

Following: line 5

Insert: "and"

Strike: ", and seventeen"

26. Page 22, line 3 through page 24, line 17.

Strike: section 15 in its entirety

Renumber: subsequent sections

27. Page 25, line 6.

Following: "~~and commercial~~"

Insert: "and commercial"

28. Page 25, line 6 through line 7.

Strike: "and class seventeen" on page 25, line 6 through
"[section 11]" on line 7

29. Page 26, line 16.

Following: "and"

Insert: "and"

30. Page 26, line 16 through line 17.

Strike: ", and" on page 26, line 16 through "[section 11]" on line
17

31. Page 27, line 1.

Strike: subsection (g) in its entirety

32. Page 27, line 8 through page 29, line 22.

Strike: section 17 in its entirety

Renumber: subsequent sections

33. Page 31, line 20 through page 36, line 2.

Strike: section 20 through section 23 in their entirety

Renumber: subsequent sections

34. Page 37, line 20.

Strike: "on January 1 of each tax year after 2016"

Insert: "thereafter on January 1 of the first year of each 2-year cycle"

35. Page 41, line 1 through line 2.

Strike: section 29 in its entirety

Renumber: subsequent sections

36. Page 41, line 4.

Strike: "[Sections 9, 29, and 31]"

Insert: "[Sections 7 and 22]"

37. Page 41, line 6.

Strike: "[Sections 1 through 8 and 10 through 28]"

Insert: "[Sections 1 through 6 and 8 through 20]"

38. Page 41, line 8.

Strike: "[Section 9]"

Insert: "[Section 7]"

- END -



SENATE STANDING COMMITTEE REPORT

March 27, 2013

Page 1 of 7

Mr. President:

We, your committee on **Taxation** recommend that **Senate Bill 282** (first reading copy -- white) **do pass as amended.**

Signed: 

Senator Bruce Tutvedt, Chair

And, that such amendments read:

1. Title, page 1, line 20 through line 21.

Strike: "15-31-907" on page 1, line 20 through "15-31-908," on line 21

2. Page 2, line 24.

Strike: "and"

3. Page 2, line 26.

Following: "income"

Insert: "; and

(g) a deduction for an income distribution from an estate or trust to a beneficiary that was included in the federal taxable income of an estate or trust in accordance with sections 651 and 661 of the Internal Revenue Code, 26 U.S.C. 651 and 661"

4. Page 3, line 3.

Strike: "(iii) tribal source income;"

5. Page 3, line 12.

Strike: "and"

6. Page 3, line 15.

Following: "residence"

Insert: ";

(f)(i) except as provided in subsection (3)(f)(ii), the

Committee Vote:

Yes 7, No 4

Fiscal Note Required ☐

first \$3,830 of all pension and annuity income received as defined in 15-30-2101 for each taxpayer filing singly, head of household, or married filing separately and the first \$7,660 of all pension and annuity income in the case of married taxpayers filing jointly;

(ii) for pension and annuity income described under subsection (3)(f)(i), as follows:

(A) each taxpayer filing singly, head of household, or married filing separately shall reduce the total amount of the exclusion provided in subsection (3)(f)(i) by \$2 for every \$1 of federal adjusted gross income in excess of \$31,920 as shown on the taxpayer's return;

(B) in the case of married taxpayers filing jointly, if both taxpayers are receiving pension or annuity income or if only one taxpayer is receiving pension or annuity income, the exclusion claimed as provided in subsection (3)(f)(i) must be reduced by \$2 for every \$1 of federal adjusted gross income in excess of \$63,840 as shown on their joint return;

(g) a deduction for an income distribution from an estate or trust to a beneficiary in accordance with sections 651 and 661 of the Internal Revenue Code, 26 U.S.C. 651 and 661, recalculated according to subsections (2) and (3)(a) through (3)(e); and

(h) for each taxpayer that has attained the age of 65, an additional subtraction calculated pursuant to subsection (4).

(4)(a) Except as provided in subsection (4)(c), each taxpayer that has attained the age of 65 before the close of the taxpayer's tax year is entitled to elect an additional subtraction from federal taxable income under subsection (4)(a)(i) or (4)(a)(ii) equal to:

(i) (A) \$2,600 for each taxpayer filing singly, head of household, or married filing separately or, in the case of married taxpayers filing jointly, if only one spouse has attained the age of 65;

(B) subject to subsection (4)(b), \$5,200 in the case of married taxpayers filing jointly if both spouses have attained the age of 65; or

(ii) (A) up to \$5,200 of premium payments for medical care and long-term care insurance premium payments as provided in subsection (4)(d) for each taxpayer filing singly, head of household, or married filing separately or, in the case of married taxpayers filing jointly, if only one spouse has attained the age of 65;

(B) subject to subsection (4)(b), up to \$10,400 of premium payments for medical care and long-term care insurance premium payments as provided in subsection (4)(d) in the case of married taxpayers filing jointly if both spouses have attained the age of 65.

(b) Married taxpayers filing jointly who have both attained the age of 65 by the close of the taxpayers' tax year shall use the same election and are not entitled to split the elections in subsection (4)(a)(i) and (4)(a)(ii).

(c) The election amounts in subsections (4)(a)(i) and (4)(a)(ii) are reduced as follows:

(i) each taxpayer filing singly, head of household, or married filing separately or, in the case of married taxpayers filing jointly, if only one spouse has attained the age of 65 shall reduce the total amount of the subtraction provided in subsection (4)(a)(i) and (4)(a)(ii) by \$1 for every \$10 of federal adjusted gross income in excess of \$50,000 as shown on the taxpayer's return;

(ii) in the case of married taxpayers filing jointly if both spouses have attained the age of 65, the taxpayers shall reduce the total amount of the subtraction provided in subsection (4)(a)(i) and (4)(a)(ii) by \$1 for every \$10 of federal adjusted gross income in excess of \$100,000 as shown on the taxpayer's return.

(d) For the purpose of subsection (4)(a)(ii):

(i) a subtraction is allowed only to the extent that the amount was not already excluded as a deduction or expense in determining federal taxable income or claimed as a credit under 15-30-2366;

(ii) "long-term care insurance premium payments" means long-term care insurance policies or certificates that provide coverage primarily for any qualified long-term care services, as defined in 26 U.S.C. 7702B(c), for the benefit of the taxpayer; and

(iii) "premium payments for medical care" means premium payments made by the taxpayer for coverage of the taxpayer's insurance for medical care, as defined in 26 U.S.C. 213(d).

(5) By November 1 of each year, the department shall multiply the amount of pension and annuity income contained in subsection (3)(f)(i), the subtractions from federal taxable income for taxpayers that have attained the age of 65 contained in subsections (4)(a)(i) and (4)(a)(ii), and the federal adjusted gross income amounts in subsection (3)(f)(ii), (4)(c)(i) and (4)(c)(ii) by the inflation factor for that tax year, but using the year 2014 consumer price index, and round the results to the nearest \$10. The resulting amounts are effective for that tax year and must be used as the basis for the exemption determined under subsection (3)(f) and the subtraction from federal taxable income determined under subsection (4)(a)"

7. Page 8, line 22.

Strike: "a single"

Insert: "one"

8. Page 13, line 16.

Strike: "5.9%"

Insert: "6%"

9. Page 13, line 19.

Strike: "5.9%"

Insert: "6%"

10. Page 13, line 23.

Strike: "5.9%"

Insert: "6%"

11. Page 13, line 27.

Strike: "5.9%"

Insert: "6%"

12. Page 13, line 28.

Following: "reduced"

Insert: "by 1.5%"

13. Page 13, line 29 through page 14, line 3.

Strike: ", as follows:" on page 13, line 29 through "subsection (1)" on page 14, line 3

14. Page 14, line 4 through line 7.

Strike: subsection (3) in its entirety

Insert: " (3) In applying the rates in effect under subsection (1) and the rate reduction for net capital gain income under subsection (2), Montana taxable income is divided into an ordinary income category and a net capital gain category. The rate of tax applied toward each category is calculated as follows:

(a) Ordinary income is taxed first by applying the 4% rate up to the limit of the 4% rate bracket determined under subsection (1) and at the 6% rate to the extent that ordinary income exceeds the 4% rate bracket.

(b) Net capital gain income is taxed after applying the rates in subsection (1) to all ordinary income as provided in subsection (3)(a), and the total amount of ordinary income subject to tax in subsection (3)(a) is the starting point for determining the rates that are applied toward net capital gain income. The rate of tax applied toward net capital gain income is calculated as follows:

(i) If the total amount of Montana taxable income is less than or equal to the amount of income subject to tax at the 4% rate bracket determined under subsection (1), then net capital gain income is taxed at a 2.5% rate.

(ii) If the total amount of ordinary income is less than the amount of income subject to tax at the 4% rate bracket determined under subsection (1) and the total amount of Montana taxable income exceeds the amount of income subject to tax at the 4% rate bracket determined under subsection (1), then all ordinary income is subject to tax at the 4% rate bracket and net capital gain income is taxed as follows:

(A) The ordinary income subject to tax in subsection (3)(b)(ii) is subtracted from the amount of income subject to tax

at the 4% rate bracket under subsection (1), and the difference from this calculation equals the amount of net capital gain income taxed at a 2.5% rate.

(B) All remaining net capital gain income that remains after applying the tax rates to the ordinary income and net capital gain income in subsection (3)(b)(ii)(A) is taxed at a 4.5% rate.

(iii) If ordinary income equals or exceeds the amount of income subject to tax at the 6% rate bracket under subsection (1), then all net capital gain income is taxed at a 4.5% rate."

15. Page 14, line 8.

Following: "(4)"

Insert: "(a)"

16. Page 14, line 9.

Following: "nearest"

Insert: ": (i)"

Following: "\$100"

Insert: "for the joint bracket under subsection (1)(a);

(ii) \$25 for the head of household bracket under subsection (1)(b); and

(iii) \$50 for the separate return brackets under subsections (1)(c) and (1)(d)"

17. Page 14, line 10.

Following: line 9

Insert: "(b)"

18. Page 14, line 12.

Following: line 11

Insert: "(5) For the purposes of this section, the term "ordinary income" means Montana taxable income less net capital gain income."

19. Page 14, line 16.

Strike: "federal taxable"

Insert: "total"

20. Page 14, line 17.

Following: "~~from all sources~~"

Insert: "from all sources"

21. Page 15, line 14.

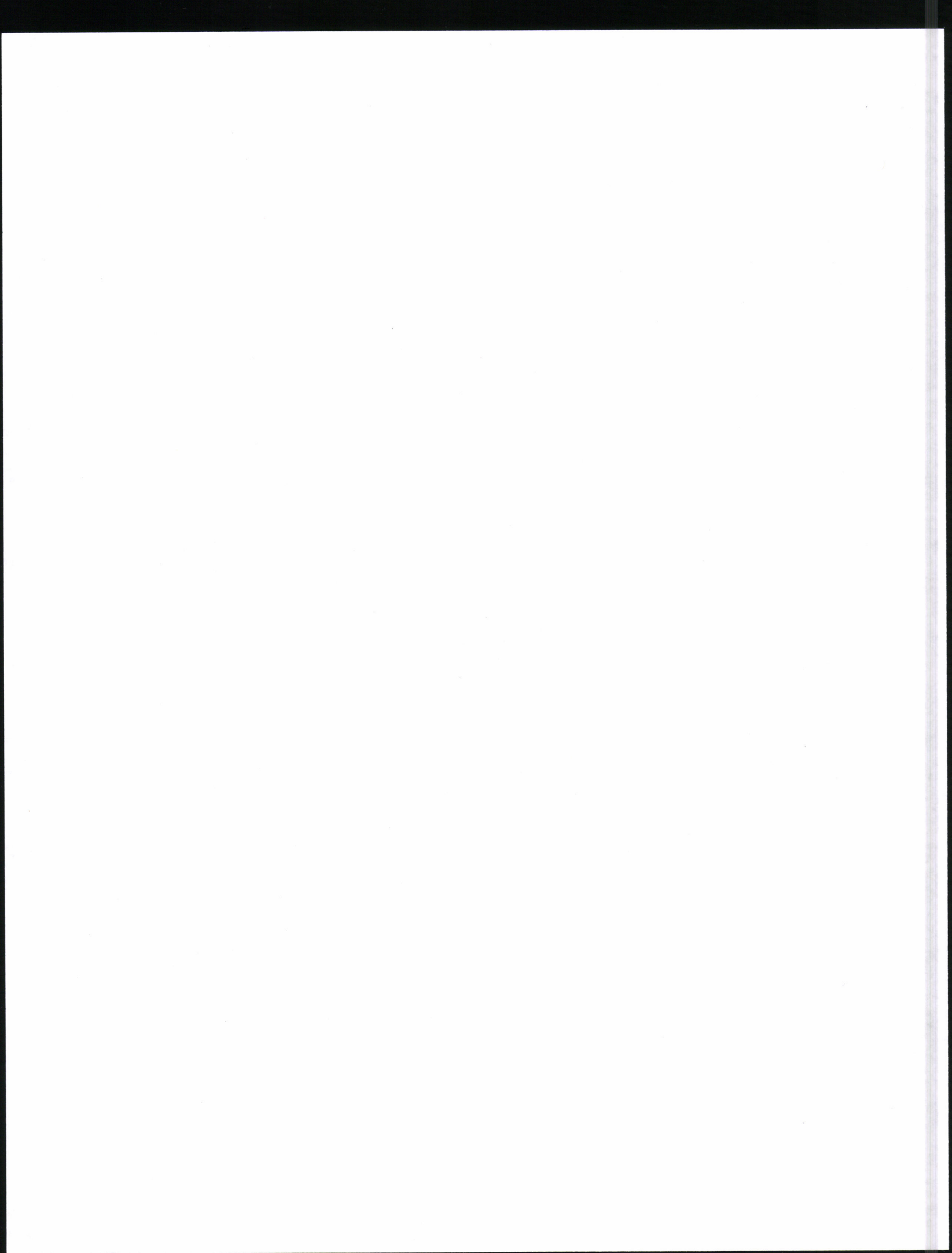
Following: "nonresident"

Insert: "for any part of the tax year"

22. Page 15, line 18.

Strike: "and"

Insert: "or"



23. Page 17, line 1.

Following: "trust"

Insert: "as adjusted in [section 1]"

24. Page 22, line 14.

Following: "(1)"

Insert: "(a)"

25. Page 22, line 24.

Following: line 23

Insert: "(b) A taxpayer that is not required to file a federal income tax return shall file a Montana return if the taxpayer has Montana taxable income after taking into consideration the additions and subtractions to federal taxable income in [section 1]."

26. Page 36, line 6 through page 37, line 26.

Strike: section 32 through section 33 in their entirety

Renumber: subsequent sections

27. Page 46, line 22.

Following: "~~state,~~"

Insert: "state,"

Following: "~~county,~~"

Insert: ", "

Following: "~~for:~~"

Insert: ":"

(a) a benefit or annuity received in excess of the amount determined pursuant to [section 1]; or

(b) "

28. Page 46, line 29.

Following: "~~taxation and~~"

Insert: "taxation and"

29. Page 47, line 1.

Following: "~~(2)~~"

Insert: "(1) The amount determined pursuant to [section 1] of benefits received under this part is exempt from state, county, and municipal taxation.

(2) "

30. Page 47, line 5.

Following: "~~and taxation~~"

Insert: "and taxation"

Following: "~~(1)~~"

Insert: "(1)"

31. Page 47, line 12.

Following: "~~taxation.~~"

Insert: "(2) The amount determined pursuant to [section 1] of benefits received under this part is exempt from state, county, and municipal taxation."

32. Page 47, line 15.

Following: "~~and taxation~~"

Insert: "and taxation"

Following: "~~(1)~~"

Insert: "(1)"

33. Page 47, line 21.

Following: "~~taxation.~~"

Insert: "(2) The amount determined pursuant to [section 1] of benefits received under this part is exempt from state, county, and municipal taxation."

34. Page 47, line 28.

Following: "~~state,~~"

Insert: "state,"

Following: "~~county,~~"

Insert: ", "

Following: "~~Montana~~"

Insert: "of the state of Montana"

Following: "~~except for.~~"

Insert: ":"

35. Page 48, line 1.

Following: "~~(b)~~"

Insert: "(a) a retirement allowance received in excess of the amount determined pursuant to [section 1]; or (b) "

36. Page 48, line 13.

Following: "~~15-30-2110(2)(c),~~"

Insert: "except for a retirement allowance received in excess of the amount determined pursuant to [section 1],"

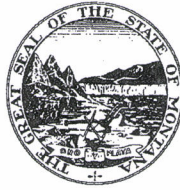
Following: "~~state,~~"

Insert: "state,"

Following: "~~county,~~"

Insert: ", "

- END -



SENATE STANDING COMMITTEE REPORT

March 27, 2013

Page 1 of 1

Mr. President:

We, your committee on **Taxation** recommend that **Senate Bill 394** (first reading copy -- white) **do pass.**

Signed: 

Senator Bruce Tutvedt, Chair

- END -

Committee Vote:

Yes 7, No 4

Fiscal Note Required ☐

SB0394001SC.swr


BILL TABLED NOTICE

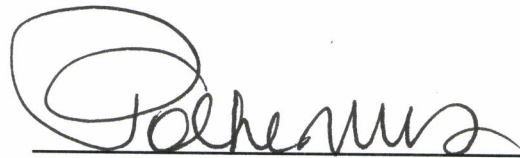
SENATE TAXATION COMMITTEE

The **SENATE TAXATION COMMITTEE** TABLED

SB 388 - Provide tax exemption for hydrofracturing pipelines that provided potable water
- Sen. Bradley Hamlett

by motion, on **Wednesday, March 27, 2013** (PLEASE USE THIS ACTION DATE IN LAWS
BILL STATUS).


(For the Committee)


(For the Secretary of the Senate)
12:45, 4/3
(Time) (Date)

April 3, 2013 (12:11pm)

Charlene Rich, Secretary

Phone: 444-4618

BILL TABLED NOTICE

SENATE TAXATION COMMITTEE

The **SENATE TAXATION COMMITTEE** TABLED

SB 4 - Generally revise property reappraisal laws - Sen. Jim Peterson

SB 170 - Revise income tax rates and the capital gains credit - Sen. Art Wittich

SB 382 - Provide for a state equalized mill for K-12 education - Sen. Christine Kaufmann

SB 385 - Reduce sales tax rates and redistribute proceeds to provide funding for tourism - Sen. Jason Priest

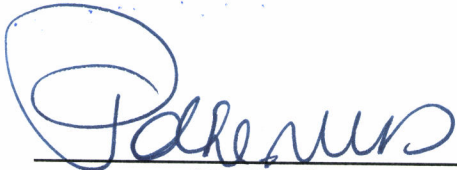
SB 389 - Revise allocation of oil and gas revenue for oil and natural gas impact projects - Sen. Bradley Hamlett

SB 394 - Generally revise income tax laws and decrease taxes - Sen. Art Wittich

SB 399 - Revise oil and gas "tax holiday" and provide funding to local governments - Sen. Kendall Van Dyk

by motion, on **Wednesday, March 27, 2013** (PLEASE USE THIS ACTION DATE IN LAWS BILL STATUS).


(For the Committee)


(For the Secretary of the Senate)
3:pm , 3/27
(Time) (Date)

March 27, 2013 (2:51pm)

Charlene Rich, Secretary

Phone: 444-4618

1000

1000

MONTANA STATE SENATE ROLL CALL VOTE

TAXATION COMMITTEE

DATE: March 27 2013

BILL NO: 28202 MOTION: Strike amendment 28202

NAME	AYE	NAY	PROXY
Vice Chair Thomas	X		
Senator Arthun	X		
Senator Barrett	X		X
Senator Essmann	X		X
Senator Jergeson	X		
Senator Kaufmann	X		
Senator Malek		X	
Senator Peterson	X		
Senator Phillips	absent	N/V excused	
Senator Taylor	X		X
Senator Wittich	X		X
Chairman Tutvedt	X		

10 1

12 Committee Members

Vote: _____

MONTANA STATE SENATE ROLL CALL VOTE

TAXATION COMMITTEE

DATE: March 27 2013

BILL NO: 282 SB MOTION: Do Pass as Amended

NAME	AYE	NAY	PROXY
Vice Chair Thomas	X		
Senator Arthun	X		
Senator Barrett		X	X
Senator Essmann	X		X
Senator Jergeson		X	
Senator Kaufmann		X	
Senator Malek		X	
Senator Peterson	X		
Senator Phillips		<i>excused</i>	
Senator Taylor	X		X
Senator Wittich	X		X
Chairman Tutvedt	X		

12 Committee Members

Vote: 7 4

MONTANA STATE SENATE ROLL CALL VOTE

TAXATION COMMITTEE

DATE: March 27 2013

BILL NO: SB 394 MOTION: Do Pass / Sen. Thomas

NAME	AYE	NAY	PROXY
Vice Chair Thomas	X		
Senator Arthun	X		
Senator Barrett		X	X
Senator Essmann	X		X
Senator Jergeson		X	
Senator Kaufmann		X	
Senator Malek		X	
Senator Peterson	X		
Senator Phillips		excused N/V	
Senator Taylor	X		X
Senator Wittich	X		X
Chairman Tutvedt	X		

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12 Committee Members

Vote: _____

MONTANA STATE SENATE ROLL CALL VOTE

TAXATION COMMITTEE

DATE: March 27 2013

BILL NO: SB 382 MOTION: Sen. Kaufmann - DO PASS

NAME	AYE	NAY	PROXY
Vice Chair Thomas		X	
Senator Arthun		X	
Senator Barrett	X		X
Senator Essmann		X	X
Senator Jergeson	X		
Senator Kaufmann	X		
Senator Malek	X		
Senator Peterson		X	
Senator Phillips		N/V excused	
Senator Taylor		X	X
Senator Wittich		X	X
Chairman Tutvedt	X		

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12 Committee Members

Vote: _____

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SENATE PROXY

Taxation Committee

I, Senator Dick Barrett hereby authorize Senator Kaufmann to vote my proxy before the Senate meeting held on _____, 2013.

Dick Barrett
 Senator Signature

3/27/13
 Date

Dick Barrett
 Print Name

Said authorization is as follows: *(mark only one)*

- ☐ All votes, including amendments.
- ☐ All votes as directed below on the listed bills, and all other votes.
- ☐ Votes only as directed below.

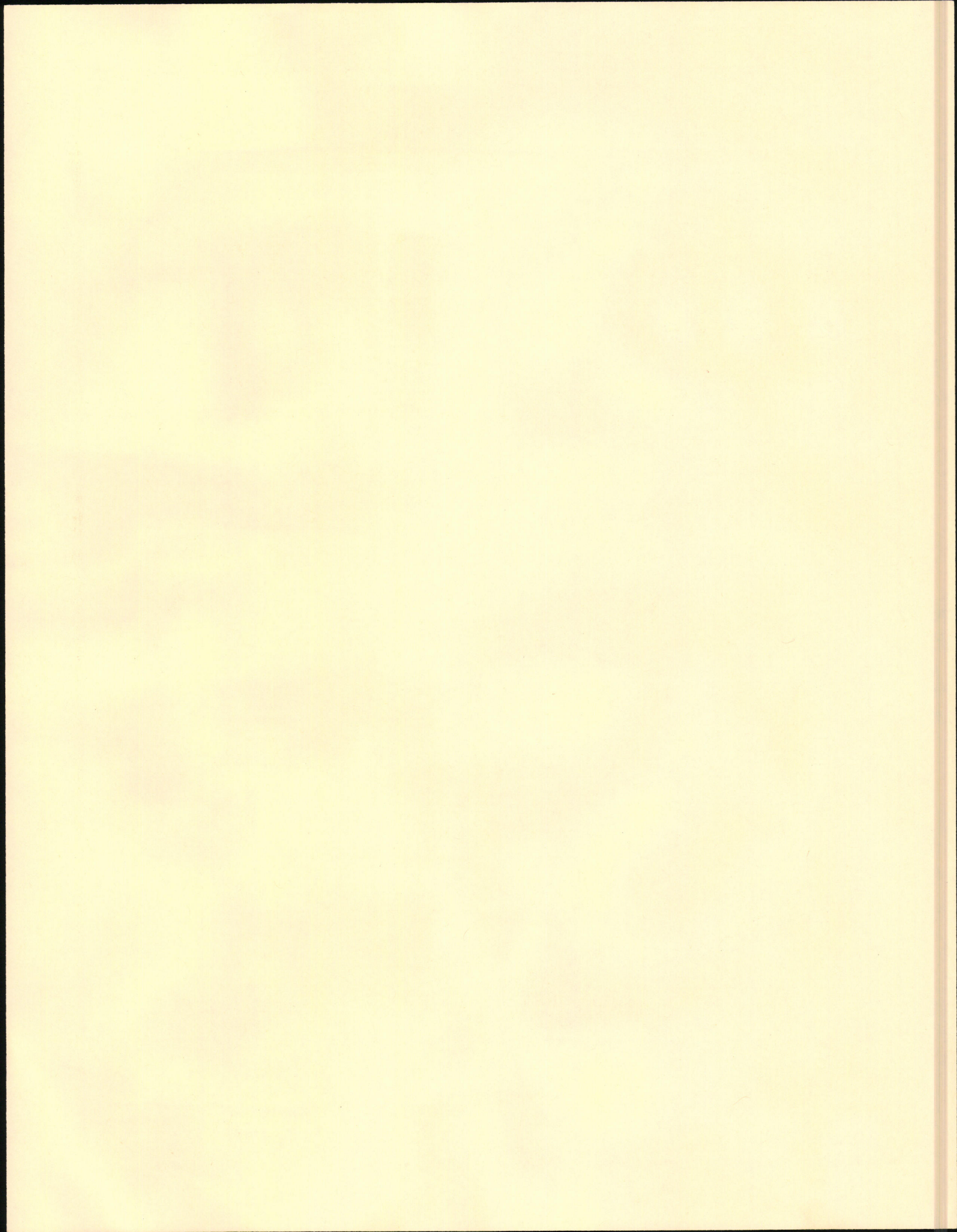
Bill No./Amendment No.	Aye	No
* SB 282 Amend. 2	X	
SB 282 Amend. 12	X	
* SB 282		X
* SB 394		X
SB 170 to table	X	
SB 399 to table		X
SB 385 to table	X	
SB 388 to table	X	
SB 389 to table	X	
* SB 382	X	

Voice

Voice

Not Recorded

* Roll Vote



SENATE PROXY
Taxation Committee

I, Senator Jeff Essmann

hereby authorize Senator

_____ to vote my proxy before the Senate

< / home meeting held on _____, 2013.

Senator Signature

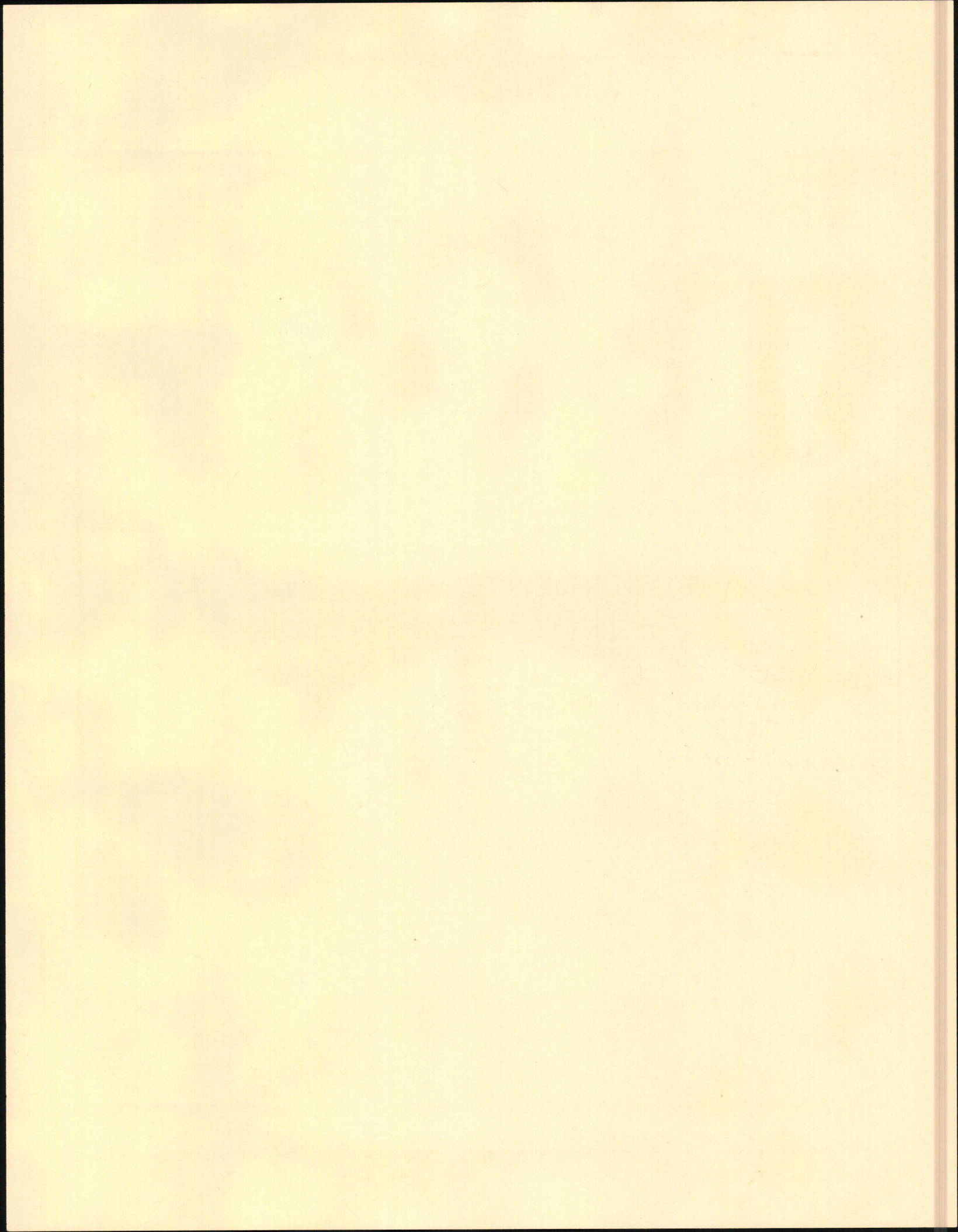
Date _____

Print Name _____

Said authorization is as follows: *(mark only one)*

- ☐ All votes, including amendments.
- ☐ All votes as directed below on the listed bills, and all other votes.
- ☐ Votes only as directed below.

[illegible]



SENATE PROXY
Taxation Committee

I, Senator Janna Taylor

hereby authorize Senator

_____ to vote my proxy before the Senate

Theme meeting held on _____, 2013.

~~Senator Signature~~

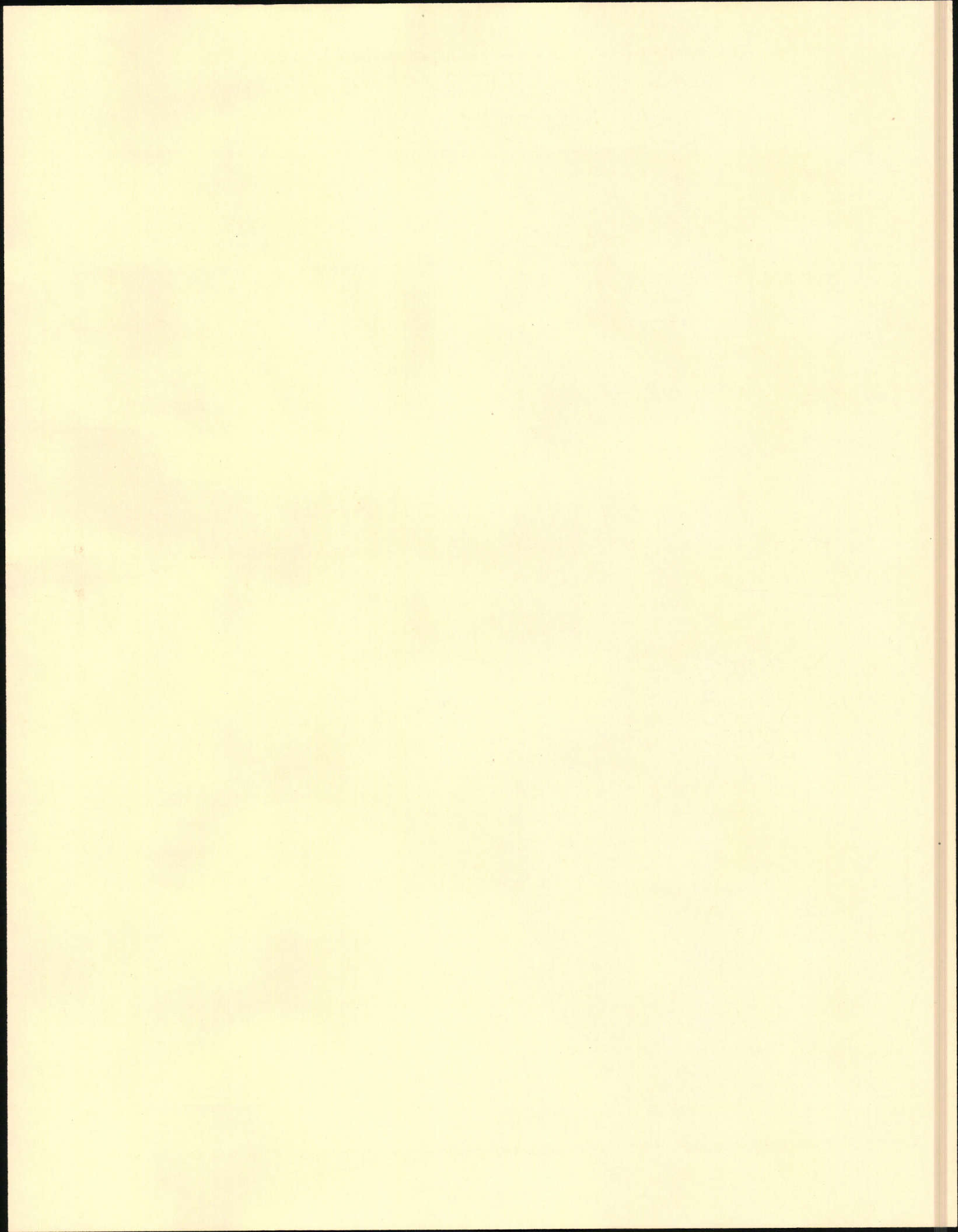
Date _____

Print Name _____

Said authorization is as follows: *(mark only one)*

- ☐ All votes, including amendments.
- ☐ All votes as directed below on the listed bills, and all other votes.
- ☐ Votes only as directed below.

[illegible]



SENATE PROXY
Taxation Committee

I, Senator Art Wittich

hereby authorize Senator

_____ to vote my proxy before the Senate

_____ meeting held on _____, 2013.

Senator Signature

Date _____

Print Name

Said authorization is as follows: *(mark only one)*

- ☐ All votes, including amendments.
- ☐ All votes as directed below on the listed bills, and all other votes.
- ☐ Votes only as directed below.

[illegible]

MONTANA STATE SENATE
Visitors Register
SENATE TAXATION COMMITTEE

Wednesday, March 27, 2013

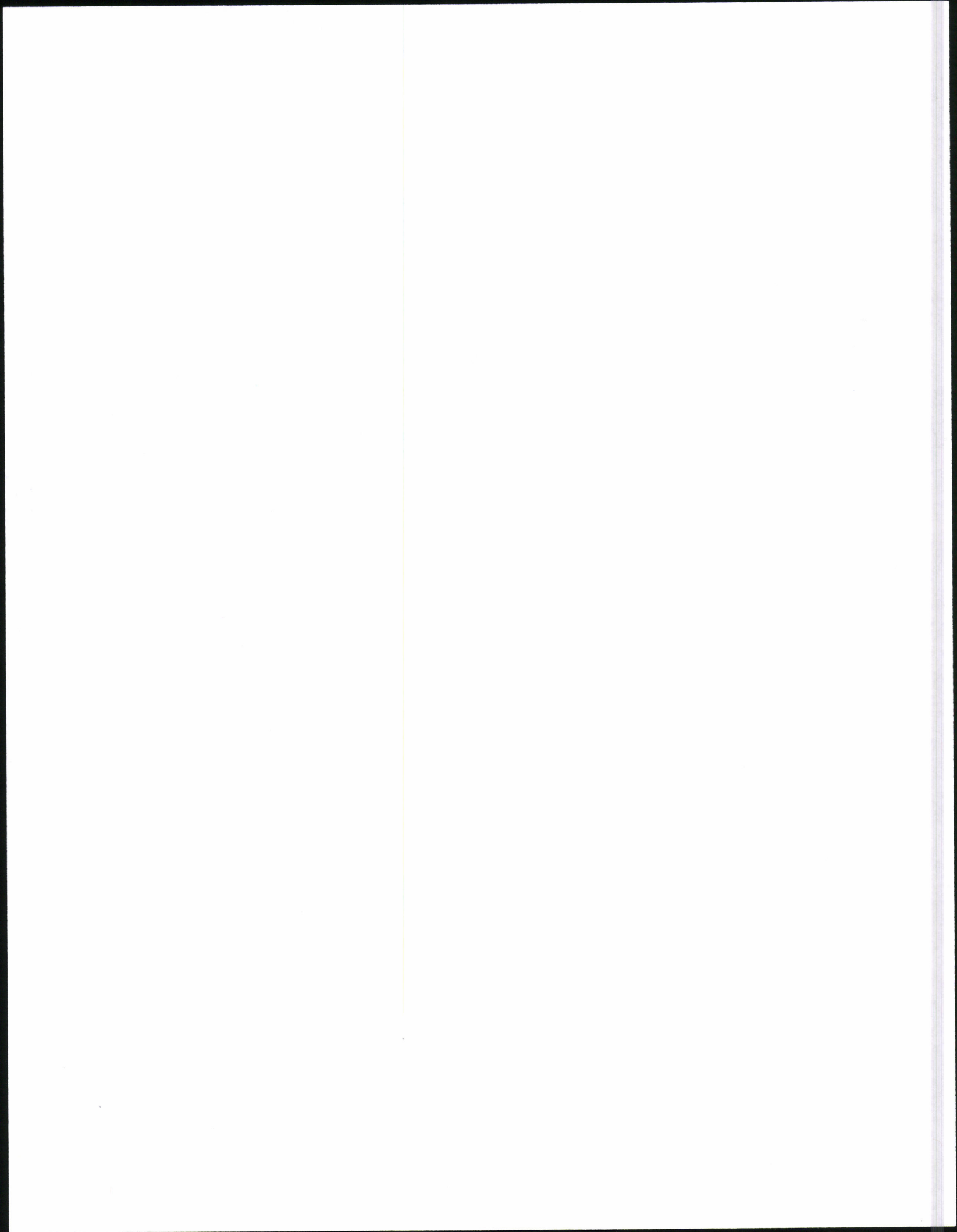
HB 19 - Revise penalty and interest provisions related to tax law enforcement

Sponsor: Rep. Roy Hollandsworth

PLEASE PRINT

[illegible]

Please leave prepared testimony with Secretary. Witness Statement forms are available if you care to submit written testimony.



MONTANA STATE SENATE
Visitors Register
SENATE TAXATION COMMITTEE

Wednesday, March 27, 2013

HB 153 - Provide income tax credits for employing and retaining veterans

Sponsor: Rep. Steve Gibson

PLEASE PRINT

[illegible]

Please leave prepared testimony with Secretary. Witness Statement forms are available if you care to submit written testimony.